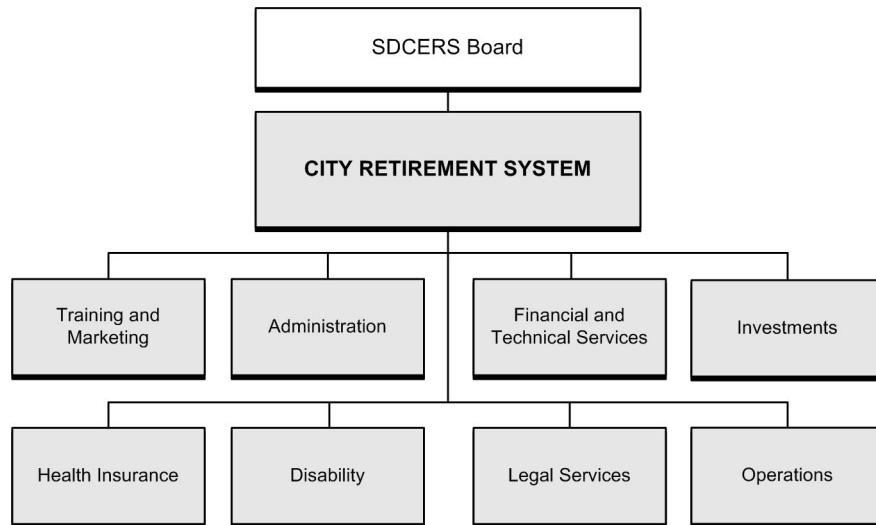


A vertical rectangular image showing a city skyline across a body of water. The skyline includes several tall buildings, with one prominent skyscraper in the center. Numerous sailboats are visible in the harbor. The image has a blue color overlay, and the text 'City Retirement System' is printed in white over the lower right portion of the image.

# City Retirement System



# City Retirement System

## Mission Statement

To continually deliver accurate and timely benefits through prudent administration and safeguarding of the San Diego City Employees' Retirement System, while ensuring the fund's maximum safety, integrity and growth.

## Department Description

The San Diego City Employees' Retirement System (SDCERS) invests, manages and administers the \$2.3 billion retirement pension plans for general members, safety members, and legislative officers of the City of San Diego. In addition, the employees of the San Diego Unified Port District and the San Diego County Regional Airport Authority are members of SDCERS by virtue of contractual agreements.

## Service Efforts and Accomplishments

Since the inception of SDCERS 75 years ago, the number of active contributing members and retirees has continued to grow. During Fiscal Year 2002, SDCERS processed 2,980 purchase of service credit contracts, 315 service and disability retirements, and 343 Deferred Retirement Option Plan (DROP) retirements; hosted 19 pre-retirement seminars; provided information at 27 new employee orientations; and advised members in 1,629 counseling sessions.

In Fiscal Year 2003, SDCERS improved its retirement record-keeping system with the installation of a new computer system known as "Pension Gold". Pension Gold tracks all contributions, calculates benefits and issues monthly pension checks.

While SDCERS experienced an investment loss for the fiscal year, SDCERS effectively managed the financial market volatility with a conservative target asset allocation policy and active rebalancing strategy. SDCERS' total fund return for Fiscal Year 2002 ranked in the top 14th percentile as compared to the investment performance of public pension plans.

## Future Outlook

Prudent and excellent investments, along with consistently high quality customer service to all SDCERS' active and retired members and their beneficiaries, remain the goals of the San Diego City Employees' Retirement System.

A SDCERS website is scheduled to be operational during Fiscal Year 2004.

# City Retirement System

## Division/Major Program Descriptions

### **Administration**

The Administration Division provides for general management of the overall policy direction, coordination, and planning of the SDCERS. Staff provides timely input to the Retirement Board of Administration in making member benefits, administrative policy and investment decisions. The Administration Division also provides for actuary services, travel and training expenses, consulting services, strategic planning and performance surveys.

### **Disability**

The Disability Program is responsible for processing all disability applications, preparing reports for the Retirement Board, and recommending approval or denial of disability applications. The Program provides monthly reports related to the status of all pending disability cases. It also coordinates and represents the Retirement System at all disability pre-hearings and hearings.

### **Financial and Technical Services**

The Financial and Technical Services Division audits retirement functions as directed by the Retirement Administrator, conducts compliance audits of benefits administration including audits of benefit calculations and monthly retirement allowances, administers the bi-weekly retirement contribution process, prepares and monitors the Department budget, and manages special projects and data processing services. The Division is also the project lead for all new systems development, including the Membership Benefits System. It coordinates and supports all actuarial data requirements and acts as the primary point of contact for the Unified Port District and the Airport Authority.

### **Health Insurance**

The Health Insurance Group administers the post-retirement health insurance benefits for the City of San Diego retirees and the annual open enrollment process, makes premium payments to the carriers and answers retirees' questions concerning health insurance benefits and the various plans offered.

### **Investments**

The Investments Division is responsible for conducting the day-to-day investment and corporate governance functions in accordance with the Retirement Board's adopted investment policies and procedures; negotiating contracts with, reviewing performance of, and maintaining positive relationships with external money managers, consultants and other investment service providers; managing cash flows between the Retirement System, external money managers, the City and other parties; researching, analyzing, and recommending investment alternatives to the Investment Committee and/or Retirement Board; monitoring investment activity of money managers and the custodial bank; and preparing general ledgers and financial statements of the Trust Fund.

### **Legal Services**

The Legal Services Division is responsible for providing legal advice and assistance to the Retirement Board and staff in the areas of trust, tax, contracts, community property, benefit interpretation and eligibility,

# City Retirement System

## Division/Major Program Descriptions (continued)

### Legal Services

investments, corporate governance and fiduciary responsibility; drafting legal documents such as ordinances, resolutions, contracts, rules and pleadings; coordinating the use of outside counsel; and representing the Retirement Board and/or staff in all legal proceedings to which the Retirement Board is a party.

### Operations

The Operations Division is responsible for calculating retirement, survivor, and death benefits; processing enrollment documentation of new members; maintaining records of all active and retired members; and calculating and processing all member termination refunds for City of San Diego, Unified Port District, and Airport Authority employees. This Division provides counseling sessions on service retirement, disability retirement, reciprocity, Deferred Retirement Option Plan Program and purchase of service credits. The Division also provides pre-retirement counseling and planning for members of the Retirement System.

### Training and Marketing

The Training and Marketing Division creates and maintains procedures for all tasks associated with benefit administration, and trains staff on how to accomplish each task. In addition, the Division maintains SDCERS' website, oversees SDCERS' quarterly newsletter production, prepares and distributes brochures, updates member handbooks, develops a retiree handbook, and produces other marketing materials to facilitate communication with SDCERS membership and the public.

City Retirement System				
	FY 2002 ACTUAL	FY 2003 BUDGET	FY 2004 PROPOSED	FY 2003-2004 CHANGE
Positions	50.00	50.00	50.00	0.00
Personnel Expense	\$ 3,264,299	\$ 4,140,330	\$ 4,537,602	\$ 397,272
Non-Personnel Expense	\$ 16,656,262	\$ 17,033,314	\$ 17,033,327	\$ 13
TOTAL	\$ 19,920,562	\$ 21,173,644	\$ 21,570,929	\$ 397,285

The proposed budget for the City Retirement System was not available in time for publication. The proposed expenditure shown contains only limited changes from Fiscal Year 2003 and will be updated for the Fiscal Year 2004 Final Budget.

# City Retirement System

## Department Staffing

	FY 2002 ACTUAL	FY 2003 BUDGET	FY 2004 PROPOSED
<b>CITY EMPLOYEES' RETIREMENT SYSTEM</b>			
<b>City Retirement System</b>			
Administration	4.50	4.50	<b>4.50</b>
Disability	4.00	4.00	<b>4.00</b>
Financial & Technical Services	7.00	6.00	<b>6.00</b>
Health Insurance	2.30	2.30	<b>2.30</b>
Investments	4.50	4.50	<b>4.50</b>
Legal Services	6.00	6.00	<b>6.00</b>
Operations	21.70	18.70	<b>18.70</b>
Training & Marketing	0.00	4.00	<b>4.00</b>
<b>Total</b>	<b>50.00</b>	<b>50.00</b>	<b>50.00</b>

## Department Expenditures

	FY 2002 ACTUAL	FY 2003 BUDGET	FY 2004 PROPOSED
<b>CITY EMPLOYEES' RETIREMENT SYSTEM</b>			
<b>City Retirement System</b>			
Administration	\$ 2,145,349	\$ 1,454,249	<b>\$ 1,540,486</b>
Disability	\$ 418,430	\$ 479,316	<b>\$ 500,725</b>
Financial & Technical Services	\$ 2,378,845	\$ 2,349,933	<b>\$ 2,390,193</b>
Health Insurance	\$ 226,050	\$ 268,284	<b>\$ 278,120</b>
Investments	\$ 12,368,407	\$ 13,638,105	<b>\$ 13,688,372</b>
Legal Services	\$ 629,160	\$ 755,847	<b>\$ 827,226</b>
Operations	\$ 1,723,421	\$ 1,465,368	<b>\$ 1,554,116</b>
Training & Marketing	\$ 30,900	\$ 762,542	<b>\$ 791,691</b>
<b>Total</b>	<b>\$ 19,920,562</b>	<b>\$ 21,173,644</b>	<b>\$ 21,570,929</b>

# City Retirement System

## Significant Budget Adjustments

### CITY EMPLOYEES' RETIREMENT SYSTEM

City Retirement System	Positions	Cost
<b>Salary and Benefit Adjustments</b>	0.00	\$ 397,285
Adjustments to reflect the annualization of the Fiscal Year 2003 negotiated salary compensation schedule, Fiscal Year 2004 negotiated salaries and benefits, changes to average salaries, retirement contributions and other benefit compensation.		

## Expenditures by Category

	FY2002 ACTUAL	FY2003 BUDGET	FY2004 PROPOSED
<b>PERSONNEL</b>			
Salaries & Wages	\$ 2,534,995	\$ 3,262,313	\$ <b>3,343,255</b>
Fringe Benefits	\$ 729,304	\$ 878,017	\$ <b>1,194,347</b>
<b>SUBTOTAL PERSONNEL</b>	<b>\$ 3,264,299</b>	<b>\$ 4,140,330</b>	<b>\$ 4,537,602</b>
<b>NON-PERSONNEL</b>			
Supplies & Services	\$ 15,881,740	\$ 16,169,660	\$ <b>16,169,673</b>
Information Technology	\$ 614,656	\$ 784,638	\$ <b>784,638</b>
Energy/Utilities	\$ 56,658	\$ 67,842	\$ <b>67,842</b>
Equipment Outlay	\$ 103,208	\$ 11,174	\$ <b>11,174</b>
<b>SUBTOTAL NON-PERSONNEL</b>	<b>\$ 16,656,262</b>	<b>\$ 17,033,314</b>	<b>\$ 17,033,327</b>
<b>TOTAL</b>	<b>\$ 19,920,562</b>	<b>\$ 21,173,644</b>	<b>\$ 21,570,929</b>

# City Retirement System

## Salary Schedule

### CITY EMPLOYEES' RETIREMENT SYSTEM

#### City Retirement System

<i>Class</i>	<i>Position Title</i>	<i>FY 2003 Positions</i>	<i>FY 2004 Positions</i>	<i>Salary</i>		<i>Total</i>
1104	Account Clerk	1.00	<b>1.00</b>	\$ 32,826	\$	32,826
1106	Sr Management Analyst	1.00	<b>1.00</b>	\$ 62,561	\$	62,561
1107	Administrative Aide II	1.00	<b>1.00</b>	\$ 44,197	\$	44,197
1218	Assoc Management Analyst	11.00	<b>11.00</b>	\$ 55,514	\$	610,653
1255	Benefits Representative I	2.00	<b>2.00</b>	\$ 33,174	\$	66,348
1348	Info Systems Analyst II	1.00	<b>1.00</b>	\$ 56,143	\$	56,143
1535	Clerical Assistant II	10.00	<b>10.00</b>	\$ 30,468	\$	304,678
1577	Legal Secretary	1.00	<b>1.00</b>	\$ 45,270	\$	45,270
1598	Legal Assistant	2.00	<b>2.00</b>	\$ 54,832	\$	109,664
1801	Retirement Asst	5.00	<b>5.00</b>	\$ 38,983	\$	194,915
1822	Sr Legal Assistant	1.00	<b>1.00</b>	\$ 61,146	\$	61,146
1842	Accountant II	1.00	<b>1.00</b>	\$ 54,518	\$	54,518
1876	Executive Secretary	2.00	<b>2.00</b>	\$ 46,240	\$	92,479
1917	Supv Management Analyst	2.00	<b>2.00</b>	\$ 71,076	\$	142,152
2119	Asst Retirement Admin	1.00	<b>1.00</b>	\$ 149,855	\$	149,855
2180	Retirement Administrator	1.00	<b>1.00</b>	\$ 170,245	\$	170,245
2195	Retirement General Counsel	1.00	<b>1.00</b>	\$ 155,683	\$	155,683
2196	Asst Retirement General Counsel	1.00	<b>1.00</b>	\$ 124,783	\$	124,783
2224	Assoc Counsel	1.00	<b>1.00</b>	\$ 96,878	\$	96,878
2241	Investment Officer	1.00	<b>1.00</b>	\$ 136,187	\$	136,187
2256	Asst Investment Officer	1.00	<b>1.00</b>	\$ 84,056	\$	84,056
2274	Medical Review Officer	1.00	<b>1.00</b>	\$ 60,854	\$	60,854
2282	Program Coordinator	1.00	<b>1.00</b>	\$ 91,387	\$	91,387
	Ex Perf Pay-Classified	0.00	<b>0.00</b>	-	\$	10,605
	Temporary Help	0.00	<b>0.00</b>	-	\$	385,172
	<b>Total</b>	<b>50.00</b>	<b>50.00</b>	<b>\$ 3,343,255</b>		
<b>CITY RETIREMENT SYSTEM TOTAL</b>		<b>50.00</b>	<b>50.00</b>	<b>\$ 3,343,255</b>		



# City Retirement System

## Five-Year Expenditure Forecast

	<b>FY 2004 PROPOSED</b>	<b>FY 2005 FORECAST</b>	<b>FY 2006 FORECAST</b>	<b>FY 2007 FORECAST</b>	<b>FY 2008 FORECAST</b>
Positions	<b>50.00</b>	50.00	50.00	50.00	50.00
Personnel Expense	\$ <b>4,537,602</b>	\$ 4,673,730	\$ 4,813,942	\$ 4,958,360	\$ 5,107,111
Non-Personnel Expense	\$ <b>17,033,327</b>	\$ 17,544,327	\$ 18,070,657	\$ 18,612,777	\$ 19,171,160
<b>TOTAL EXPENDITURES</b>	<b>\$ 21,570,929</b>	\$ 22,218,057	\$ 22,884,599	\$ 23,571,137	\$ 24,278,271

### City Retirement System

#### Fiscal Year 2005

No major projected requirements.

#### Fiscal Year 2006

No major projected requirements.

#### Fiscal Year 2007

No major projected requirements.

#### Fiscal Year 2008

No major projected requirements.